November 20, 2013

U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Undisclosed investment risks from biomass power with analysis of disclosures by Dominion, Southern Company, Covanta

Ladies and Gentlemen:

We are writing to request that the Commission evaluate disclosures of certain registrants in the bioenergy industry for consistency with the Commission's disclosure rules and 2010 Climate Guidance.

The enclosed analysis by the Partnership for Policy Integrity documents the risks of investment in wood-fired biomass energy, and some issues on which the industry appears to have failed to live up to its obligations for accurate and nonmisleading disclosure.[1] Three publicly traded corporations, Dominion Resources, Inc., Southern Company, and Covanta Holding Corporation, own and operate some of the largest wood-burning power plants in the United States. As a result, these companies are obliged to adequately disclose material risks associated with their biopower investments. Such disclosures are particularly important in a context in which investment in wood-burning power plants potentially competes with investment in non-polluting renewable energy strategies such as wind and solar power. Bioenergy should be required by the SEC to compete for investment dollars without materially exaggerating its value to the environment, or concealing its weaknesses and uncertainties.

The "clean energy" fallacy and related regulatory risks

The bioenergy industry has been representing biomass power as a "clean" and "carbon neutral" energy source, even though its day-to-day operations emit greater quantities of carbon dioxide (CO_2) and, often, conventional air pollutants per megawatt-hour (MWh) of electricity generated compared to coal and natural gas. These claims are sometimes outright misleading, or are otherwise based on speculation and assumptions.

For bioenergy to be carbon neutral over time, CO_2 emissions must be fully offset. This requires meeting a number of conditions, including, where trees are harvested for fuel, that needed replanting and/or regrowth of trees and sequestration of carbon will occur. Numerous factors can negate such offsets. The risks facing companies in securing offsets will be contingent upon issues relating to materials, regional land use and ecology, land ownership, energy and sequestration profiles of different kinds of timber, and many other issues. Even when "waste" wood is used as fuel, and is justified as carbon neutral with the argument that such materials would in any case decompose and emit CO_2 if not burned for energy, combustion in bioenergy facilities produces a near-term surge in CO_2 emissions that exceeds emissions from fossil-fueled

[1] Biomass energy" or "bioenergy" (hereafter referred to as "bioenergy") refers to the generation of heat and electricity by burning wood and other biological materials as fuel in industrial, commercial, and utility boilers.

facilities. As policymakers increasingly recognize the urgency of reducing carbon emissions in the near-term to fend off catastrophic climate implications, wood-burning biomass energy may become less appealing than technologies that reduce CO_2 emissions immediately.

There are potential consequences to the gap between how companies are representing bioenergy, and the real environmental impacts of bioenergy that are now being increasingly acknowledged in the regulatory environment. After a period when consideration of CO_2 emissions from new or converted major-source biomass power plants was suspended for purposes of permitting under the Clean Air Act, the Environmental Protection Agency (EPA) is likely to again begin regulating CO_2 from biomass power plants after July 2014, if not sooner. A recent court ruling that vacated EPA's regulatory deferral biogenic CO_2 emissions (*Center for Biological Diversity v. EPA*, D.C. Cir. No. 11-1101, July 12, 2013), found no basis for excluding biogenic CO_2 from regulation under the Clean Air Act, and the EPA's own Science Advisory Board has concluded that biomass energy can not *a priori* be considered carbon neutral. At the state level, there is increasing recognition of greenhouse gas emission and forest impacts of biomass energy, accompanied by new regulations that make some bioenergy facilities ineligible for renewable energy subsidies. The Companies named in this letter have themselves asserted to regulators that regulation could make bioenergy facilities uneconomical to operate or build. Yet these regulatory and legal developments have not been included in the disclosure documents of the three major biomass energy producers we reviewed.

Better bioenergy industry disclosure is needed to protect investor interests

Without better disclosure of the risk factors facing a given company, many investors reading companies' disclosure statements will lack a complete picture of the regulatory, operational, and financial risks associated with investment in bioenergy. Our review of disclosures is inspired and informed by the Commission's 2010 Climate Guidance, which clarified the obligations of companies to accurately and completely report on financial implications of carbon emissions and regulatory developments related to climate change.

We request that the Commission assess whether the companies have adequately disclosed related risks and material information needed to make their disclosures non-misleading, and to require remedial disclosures where needed. We also request that the Commission issue a policy statement clarifying what disclosures are needed regarding climate mitigation and "carbon neutrality" of bioenergy to ensure appropriate disclosure to investors.

We request a meeting with representatives of the Commission to discuss this analysis. We appreciate the work of the Commission to advance effective corporate disclosure on these important financial and operational risks. We look forward to the Commission's response on these issues.

Thank you.

Respectfully submitted,

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Stephen Viederman, Chair of Finance Committee, Christopher Reynolds Foundation (Boston, MA).